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ANNOUNCEMENTS:

- 1 DIA proposed external research project: Weapon System ^{Costing} and Productibility Studies

DIA has requested postponement because the Terms of Reference are being revised and will be resubmitted shortly.

- 2 Priority National Intelligence Objectives:

Rec'd Paras 4d + 4e (pgs 445) of USIB 19 283
attached.

- 3 Revision of DCID 3/1, Production and Coordination of Foreign Economic Intelligence:

USIB has approved revision of para. 3.b. setting forth membership on the EIC. When copies of the revised DCID are received they will be disseminated to EIC representatives of USIB agencies and Chairmen and Executive Secretaries of all EIC Subcommittees and Working Groups. See p3 of USIB D-5, 1/2 attached.

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- 5 Commerce Representation on the EIC Subcommittee on Agriculture:

At the last meeting, EIC members concurred in the SC on Agriculture's recommendation that representation from the Office of Climatology, US Weather Bureau would be beneficial. The Chairman extended an invitation to the Department of Commerce to participate in the work of this Subcommittee and the Department of Commerce has designated Mr. David Smedley, Chief, Foreign Area Section, Office of Climatology ~~to serve as~~ as their representative on this Subcommittee.

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GROUP 1
Excluded from automatic
downgrading and
declassification

ANNOUNCEMENTS (Continued)

US-USSR Exchange Program:

✓ The EIC Subcommittee on Electronics and Telecommunications has agreed to act as technical advisor to the Interagency Intelligence Advisory Group on Exchanges on a proposal for a reciprocal exchange with the USSR in the field of communications.

{ Revised Directory of EIC Personnel

Has been received from reproduction and will be disseminated by the Secretariat this week (hopefully).

✓ EIC-R16-S4, A Summary of the International Trade and Transport of Communist China.

Proof copy was received on Friday, and the report should be disseminated shortly? probably the first week in September since the cover has to be redone.

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Attachment A
to EIC-A-101

ECONOMIC INTELLIGENCE COMMITTEE

MEMORANDUM FOR: EIC Representatives of the USIB Agencies

**SUBJECT: EIC-R16 Series, "A Summary of the
International Trade and Transport of
Communist China"**

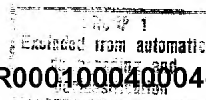
Provided below are the views of the Economic Research Area, ORR and of the Navy Member of the EIC with regard to the sections on shipping for the subject report.

A. ERA View.

The Economic Research Area of ORR believes that its contribution to the sections on shipping in future EIC reports on International Trade and Transport of Communist China should be substantially reduced. A brief discussion would be included of Communist China's total seaborne trade and estimated total Free World tonnage chartered by Communist China. Discussion on the utilization of liner service would be reported only if the situation had changed drastically from the previous years. The ERA contribution would also include brief narrative descriptions of those developments in Chinese merchant shipping that appear to have significance enough to warrant analysis and reporting. Overland transport would be handled in like manner.

ERA believes, partly because of the large clerical effort involved and the nonavailability of competent staff to undertake the analysis, that it could provide a general estimate of the chartering situation during the year, but not a detailed analysis of the manner in which the chartered shipping was utilized, and believes the differentiation between time-chartered and voyage-chartered vessels should be dropped.

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Attachment A
to EIC-A-101

B. Navy View.

The Navy Member, EIC, does not concur with either the necessity nor the desirability of reducing the transportation data now being presented in the EIC-R16 series. While there are several internal reasons for this conviction (such as the incentive and quality control factors that publication under EIC auspices places upon ONI analysts), Navy Member, EIC, invites the attention of other members to the following two comments:

1. The R16 series should not be "streamlined" for the benefit of upper echelons at the expense of reducing the data presented to planners. It may be desirable to do an editorial review of the present format so that there may be a clearer break between the highlights and the more detailed data. Within Navy however, EIC-R16 finds its real value in presenting an authoritative and comprehensive review to planning levels, and not in the presentation to commanders of a brief. Navy disseminates EIC-R16 to all fleet and area commands, and to several subordinate commands in the Pacific, where the document is put to work whenever source material on CHICOM trade and transportation is required.

2. Departmental (Navy) production of the transportation data will not be an adequate substitute for USIB production, and will only invite frequent and time-consuming ad hoc coordination throughout the year. USIB production of these data facilitates its use by national and joint military planners who are rightfully prejudiced against unquestioned acceptance of departmental data. At the present time, the availability of the transportation data in R16 is obviating the need for similar staffing of the data to backup the production of NIE 13-3-63, Economic Prospects of Communist China. (It is this document, NIE 13-3-63, that should not be cluttered with statistics, not EIC-R16.) Concurrently, the transportation data in R16 are incorporated in a Joint Chiefs of Staff paper as to the utility of maritime sanctions against Communist China, and the data is accepted as authoritative due to its USIB parentage. During the Cuban crisis, national planning and command levels made it well known that they are interested in community and not departmental maritime intelligence.

As an alternative, and in furtherance of the observation in subparagraph 1, above, Navy would concur with the production of the detailed transportation data as an attachment or appendix to R16 under separate cover, but still under USIB auspices.

~~CONFIDENTIAL~~

Attachment *C*
to EIC-A-101

**PROPOSAL FOR ABBREVIATED VERSION
OF FEBRUARY ISSUE OF SEMIANNUAL REPORTS**

The Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas has submitted, for EIC approval, the following proposed modifications in its semiannual reporting program:

1. That the February issue of the Semiannual be published in summary form and the August issue be published in its present form.
2. That the February issue will, in effect, be of the composition and scope of the present summary plus appropriate tables. Thus, the issue will begin with a brief introductory statement referring to relevant general developments and will contain abbreviated sections on economic and military credits and grants, technical assistance, and trade development during the period under review plus area summaries. In addition, summary tables will be included showing military and economic credits and grants extended during the period and cumulative totals, technicians and students currently in underdeveloped countries and the Bloc, and trade. If and when the project table is automated, a print-out could be included with this issue.
3. Thus, the February issue will be about 20 pages in length and will provide virtually all the statistical data contained in the larger issue. It will exclude the "Patterns and Trends" section, the lengthy writings on "Activities, by Type of Activity," and individual underdeveloped country sections. Because its size would be more like that of a Biweekly, one year-end issue of the Biweekly could provide the medium for this Semiannual, or it could be issued as a supplementary to the biweekly series. A significant amount of publication time could be saved through either process and the data might be provided to the community at the end of January rather than late in February.